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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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OMB APPROVAL

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FORM X-17A-5
PART III

SEC FILE NUMBER

8- 24385

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DST Securities, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

333 W. 11th Street

(No. and Street)

Kansas City

MO

64105

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

John T. O'Neal

816-435-5301

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers, LLP

(Name - if individual, state last, first, middle name)

1055 Broadway, 10th Fl.

Kansas City

Missouri

64105

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON
FINANCIAL

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

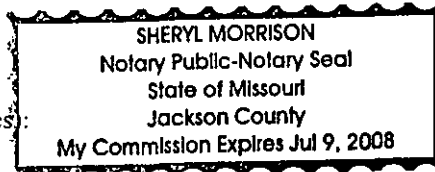
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OATH OR AFFIRMATION

I, John T. O'Neal, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DST Securities, Inc., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

John T. O'Neal
Signature
President
Title

Sheryl Morrison
Notary Public



This report ** contains (check all applicable boxes):

- ☐ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

DST Securities, Inc.

**Report and Financial Statements with
Supplementary Schedule
December 31, 2007 and 2006**

DST Securities, Inc.
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December 31, 2007 and 2006

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NOTE: Statement of Changes in Liabilities Subordinated to Claims of Creditors has been omitted as DST Securities, Inc. had no such liabilities during the periods covered by this financial report.	
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NOTE: Computation for Determination of the Reserve Requirements under Exhibit A of Rule 15c3-3 and Information Relating to the Possession or Control Requirements under Rule 15c3-3 has been omitted as DST Securities, Inc. is exempt based upon section (k)(2)(ii) of Rule 15c3-3.	
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Report of Independent Auditors

To the Board of Directors and
Stockholder of
DST Securities, Inc.:

In our opinion, the accompanying statements of financial condition and the related statements of income, stockholder's equity and cash flows present fairly, in all material respects, the financial position of DST Securities, Inc. (a wholly-owned subsidiary of DST Systems, Inc.) at December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 22, 2008

DST Securities, Inc.
Statement of Financial Condition
December 31, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	\$ 28,396	\$ 39,570
Receivables from broker/dealer	3,948	
Receivable from related party	1,419,249	1,327,995
Other assets	1,890	
Total assets	<u>\$ 1,453,483</u>	<u>\$ 1,367,565</u>
Liabilities and stockholder's equity		
Accounts payable and accrued expenses	\$ 12,000	\$ 11,660
Income taxes payable	10,250	669
Deferred income taxes payable	750	
Total liabilities	<u>23,000</u>	<u>12,329</u>
Stockholder's equity		
Common stock, \$1 par, 30,000 shares authorized, 100 shares issued and outstanding	100	100
Additional paid-in capital	49,900	49,900
Retained earnings	1,380,483	1,305,236
Total stockholder's equity	<u>1,430,483</u>	<u>1,355,236</u>
Total liabilities and stockholder's equity	<u>\$ 1,453,483</u>	<u>\$ 1,367,565</u>

The accompanying notes are an integral part of these financial statements.

DST Securities, Inc.
Statement of Income
For the Years Ended December 31, 2007 and 2006

	2007	2006
Revenues		
Service fees	\$ 61,297	\$
Interest	65,530	61,536
	<u>126,827</u>	<u>61,536</u>
Expenses		
Administrative expenses	<u>37,013</u>	<u>30,156</u>
Income from operations	89,814	31,380
Other income	<u>35,000</u>	
Income before income taxes	124,814	31,380
Income tax expense	<u>49,567</u>	<u>12,462</u>
Net income	<u>\$ 75,247</u>	<u>\$ 18,918</u>

The accompanying notes are an integral part of these financial statements.

DST Securities, Inc.**Statement of Changes in Stockholder's Equity
For the Years Ended December 31, 2007 and 2006**

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total Stockholder's Equity
Balance, December 31, 2005	\$ 100	\$ 49,900	\$ 1,286,318	\$ 1,336,318
Net income			18,918	18,918
Balance, December 31, 2006	100	49,900	1,305,236	1,355,236
Net income			75,247	75,247
Balance, December 31, 2007	<u>\$ 100</u>	<u>\$ 49,900</u>	<u>\$ 1,380,483</u>	<u>\$ 1,430,483</u>

The accompanying notes are an integral part of these financial statements.

DST Securities, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities		
Net income	\$ 75,247	\$ 18,918
Adjustments to reconcile net income to net cash provided by operating activities		
Deferred income taxes	750	
Receivables from broker/dealer	(3,948)	
Other assets	(1,890)	
Accounts payable and accrued expenses	340	(9,240)
Income taxes payable	9,581	669
Net cash provided by operating activities	<u>80,080</u>	<u>10,347</u>
Cash flows used in investing activities		
Advances to related party	<u>(91,254)</u>	<u>(2,047)</u>
Net cash used in investing activities	<u>(91,254)</u>	<u>(2,047)</u>
Net increase (decrease) in cash and cash equivalents	(11,174)	8,300
Beginning of year cash and cash equivalents	<u>39,570</u>	<u>31,270</u>
End of year cash and cash equivalents	<u>\$ 28,396</u>	<u>\$ 39,570</u>

The accompanying notes are an integral part of these financial statements.

DST Securities, Inc.
Notes to Financial Statements
December 31, 2007 and 2006

1. Description of the Company

DST Securities, Inc. (the Company) was incorporated under the laws of the State of Missouri in 1979 as a securities broker/dealer. The Company's registration with the Securities and Exchange Commission became effective in January 1980.

The Company is a wholly-owned subsidiary of DST Systems, Inc. (DST) and receives services from DST.

2. Significant accounting policies

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

Revenue recognition

The Company recognizes revenue when it is realized or realizable and it is earned. The Company's revenues are principally for commissions earned and services provided. Commission income and expenses are recognized on a trade date basis. Revenues from services are recognized upon performance of the services.

Income taxes

Provisions for income tax expense are based on the tax effects of transactions which are included in the determination of pretax accounting income. The Company computes income tax expense and income taxes payable (to DST) under an intercompany tax allocation policy which approximates the separate return method.

Cash and cash equivalents

Short-term investments with an original maturity of three months or less are considered cash equivalents. Due to the short-term nature of these investments, carrying value approximates market value.

3. Net capital requirements

Under rules of the Securities and Exchange Commission, a broker/dealer which does not generally carry customer accounts and acts as an introducing broker or dealer must maintain minimum net capital of the greater of \$5,000 or 6 2/3% of aggregate indebtedness and a ratio of aggregate indebtedness of not more than 15:1. The Company's net capital (as defined) was \$9,344 and \$27,241 at December 31, 2007 and 2006, respectively, and the percentage of aggregate indebtedness to net capital was 246% (2.46:1) and 45% (0.45:1), respectively.

DST Securities, Inc.
Notes to Financial Statements
December 31, 2007 and 2006

4. Income taxes

The difference between the Company's effective tax rate and the federal statutory rate for 2007 and 2006 is principally due to state and local income taxes net of the related federal income tax benefit.

5. Related party transactions

The receivable from related party was \$1,419,249 and \$1,327,995 at December 31, 2007 and 2006, respectively. This receivable represents net amounts advanced by the Company to DST. DST pays the Company monthly for interest calculated at the average monthly federal funds rate. Included in interest income during the year ended December 31, 2007 and 2006, is interest received from DST of \$65,530 and \$61,536, respectively.

DST provides administrative services and office space to the Company at no charge. Accounts payable and accrued expenses at December 31, 2007 and 2006 include miscellaneous expenses, as applicable, for services received from DST.

DST Securities, Inc.**Computation of Net Capital Pursuant to Rule 15c3-1****December 31, 2007****Schedule I**

	2007
Computation of Net Capital	
Total stockholder's equity	\$ 1,430,483
<u>Less</u> - total non-allowable assets	<u>1,421,139</u>
Net capital	<u>9,344</u>
 Computation of aggregate indebtedness	
Total aggregate indebtedness	<u>23,000</u>
 Percentage of aggregate indebtedness to net capital	<u>246%</u>
 Computation of basic net capital requirements	
Minimum net capital required - 6 2/3% of aggregate indebtedness	<u>1,533</u>
 Minimum dollar net capital requirement	<u>5,000</u>
 Net capital requirement	<u>5,000</u>
 Excess net capital	<u>4,344</u>
 Excess net capital at 1,000 percent	<u>\$ 7,044</u>

There are no differences between the net capital computation above and the computation included in the unaudited FOCUS Report (Form X-17a-5) filed as of December 31, 2007.

**Report of Independent Auditors on Internal Control Required
By SEC Rule 17a-5(g)(1) – Broker/Dealer**

To the Board of Directors and
Stockholder of DST Securities, Inc.:

In planning and performing our audit of the financial statements of DST Securities, Inc. (the “Company”) as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the “SEC”), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC’s above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PricewaterhouseCoopers LLP

February 22, 2008

END